

Message Text

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64

ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-24 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

USIA-15 PRS-01 NEA-14 AGR-20 DRC-01 /246 W

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R 011659Z OCT 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1937

INFO AMEMBASSY BELGRADE

LIMITED OFFICIAL USE PANAMA 5731

E.O. 11652: N/A

TAGS: ENRG, PN, Y

SUBJECT: YUGOSLAV FIRM TO STUDY REFINERY FEASIBILITY

REF: PANAMA 3977; PANAMA A-164

1. GOP HAS ANNOUNCED SIGNING OF A CONTRACT WITH YUGOSLAV FIRM ENERGOINVEST FOR FEASIBILITY STUDY FOR A NEW OIL REFINERY IN PANAMA. AS IN THE CASE WITH LAST JULY'S BILATERAL TRADE AGREEMENT WITH ALGERIA, CONTRACT WAS NEGOTIATED AND SIGNED BY REPRESENTATIVE OF LEGISLATIVE COMMISSION AND CHARACTERIZED IN STATEMENT TO PRESS AS A STEP TOWARD "ECONOMIC LIBERATION" FOR PANAMA. CONTRACT HAS ALSO BEEN HAILED EDITORIALY IN LOCAL PRESS IN SIMILAR TERMS AND AS ATTEMPT TO PERMIT COUNTRY TO GET OUT FROM UNDER CONTROL OF US OIL MONOPOLIES FOR ENERGY NEEDS. NO DETAILS OF TERMS OF CONTRACT HAVE BEEN MADE PUBLIC, BUT IT REPORTEDLY "ASSURES (YUGOSLAV) PARTICIPATION IN FINANCING", AND STATE-OWNED PLANT IS CLEARLY ENVISAGED.

2. THIS COMPANY IS NOT IDENTICAL WITH YUGOSLAV ENGINEERING
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AND CONTRACTING FIRM ENERGOPROJEKT, WHICH HAS CONTRACTS FOR

CONSTRUCTION OF BAYANO HYDROELECTRIC DAM AND FOR PREPARATORY PHASE OF TOCUMEN INTERNATIONAL AIRPORT EXPANSION PROJECT. LATTER FIRM HAS REPORTEDLY EXPERIENCED CONSIDERABLE DIFFICULTY AND DELAY WITH AIRPORT PROJECT. WITH REGARD TO REFINERY CONTRACT, A RELIABLE TRADE SOURCE EXPRESSED DOUBT CONCERNING BOTH YUGOSLAVIA'S REFINERY KNOW-HOW AND PANAMA'S ABILITY TO SECURE SUFFICIENT CRUDE OIL INPUTS. LATTER REPORTEDLY WOULD BE OBTAINED UNDER TRADE AGREEMENT WITH ALGERIA. SOURCE FURTHER OBSERVED THAT HIGH PRICE OF THIS CRUDE COULD MAKE REFINERY UNECONOMIC AND WAS SKEPTICAL THAT AGREEMENT TO OBTAIN CRUDE HAD ACTUALLY BEEN CONSUMMATED WITH ALGERIA (REFTEL).

3. COMMENT: FACT THAT NEGOTIATIONS ON BOTH THIS AND ALGERIAN AGREEMENTS CONDUCTED LARGELY BY LEGISLATIVE COMMISSION AND THAT DETAILS REMAIN UNAVAILABLE RAISES QUESTIONS CONCERNING THEIR SUBSTANCE AS WELL AS GOP MOTIVATIONS. WE SUSPECT THIS IS FURTHER ATTEMPT TO DEMONSTRATE OPTIONS OPEN TO PANAMA IN THIRD WORLD, INCLUDING ALTERNATIVES FOR MARKETING BANANAS. JORDEN

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Message Attributes

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